



PUBLIC MEETING

Utah Committee of Consumer Services

Utah Department of Commerce
March 13, 2008



Welcome & Business



Public Comment



Legislative Wrap Up

Michele Beck



Legislative Wrap Up

Legislation that Passed

- Carbon Reduction
 - Contained our suggested changes to maintain consumer protection
 - Also contained a new RFP process for procuring renewable resources
- Net Metering
 - We'll monitor the issue as larger net metered resources come online to ensure that those facilities continue to cover their costs
- Solar Tax Credits
 - New provisions for credits and study were included in the omnibus tax bill



Legislative Wrap Up

Other Issues

- Bills that didn't pass include: Renewable Energy Zone Task Force (task force could be initiated by governor's office)
- Discussions already starting regarding potential issues for consideration over the summer



Questar Gas Company 2007 General Rate Case Update

Eric Orton



QGC Rate Case Update

Progress Report

- Three major issues:
 - Test Period
 - Cost of Capital & Rate of Return
 - Revenue Requirement



QGC Rate Case Update

Test Period Hearing and Results

- PSC held Test Period Hearing on 2/08/08
- Positions of Parties on Test Period
 - QGC and DPU: advocated a 20 month forecast
 - Industrials: advocated a 2008 calendar year
 - CCS: advocated a quick order
- PSC Order
 - On 2/14/08, PSC ordered the Test Period would be based on a 2008 calendar year.



QGC Rate Case Update

Filing Based on New Test Period

- Updated filing with new testimony received 2/28/08
 - Testimony only included two of the four witnesses necessary to complete the updated filing
- Status of updates raises questions about the completeness of filing and timing
 - Testimony of the other two witnesses is expected by the end of March
 - Updated responses to the Master Data Requests are trickling in.
 - Many Data Requests need to be redone
 - Staff is considering process recommendations to the Commission to ensure that stakeholder review isn't disadvantaged if this situation occurs again.



QGC Rate Case Update

Changes Resulting from the New Test Period

- Questar's updated filing indicates:
 - New Revenue Deficiency \$22.1M
 - (Original case indicated \$26.7 M revenue deficiency)
 - Higher Capital Costs in the last 6 months of 2007
 - Same ROE of 11.25%
 - Only .5% change in Capital Structure



QGC Rate Case Update

Cost of Capital & Rate of Return

- Testimony due to CCS 3/19/08
 - Capital Structure
 - Rate of Return
 - Risks
- Testimony due to PSC 3/31/08
 - CCS Consultant Randy Woolridge



QGC Rate Case Update

Revenue Requirement

- Testimony due to CCS 4/2/08
 - Legitimate Expenses and Revenue
 - Capital expenditures
- Testimony due to PSC 4/14/08
 - CCS Consultant, Bill Schultz (Larkin)
 - CCS Consultant, Tom Norris
 - Both consultants have done or are doing on-site audits.



Rocky Mountain Power 2007 General Rate Case

Cheryl Murray



Rocky Mountain Power Rate Case Update

Test Period Hearing

- PSC held Test Period Hearing on Feb. 7, 2008.
- Positions of Parties on Test Period:
 - Company: advocated 12 months ending June 30, 2009
 - CCS & DPU: did not oppose June 30, 2009
 - UAE: advocated a 2008 calendar year or, as an alternative, 12 months ending June 30, 2008
 - UIEC: advocated 12 months ending June 2008
 - CCS requested an early decision on the matter



Rocky Mountain Power Rate Case Update

Results of Test Period Hearing

- On Feb 14, the PSC ordered the Test Period would be based on a 2008 calendar year.
- RMP was ordered to re-file the case based on that Test Period.
- RMP had originally filed three different test periods—a 2008 calendar year was not one of them.



Rocky Mountain Power Rate Case Update

Re-filed Case – 2008 Test Period

- RMP filed the 2008 calendar year case on March 6, 2008
 - 21 calendar days after PSC Order
- NPC consultants started on-site audit on Feb 14 (completed prior to new filing)
- Revenue requirement consultants started on-site audit March 4
- Testimony is due April 7, 21 working days after re-filed case was received
- Although some of the prior analysis is still valid the new filing presents challenges for meeting deadlines and having a full evaluation of the case

Rocky Mountain Power Rate Case Update

Re-filed Case – 2008 Test Period

- Revised Revenue Requirement is \$99.8M. Reduced from \$161.2M
 - Approximately \$40M of change attributable to changes in net power costs & rate base
- Filing incorporates recent PSC orders:
 - Depreciation stipulation = approx. \$13M reduction
 - MEHC transition costs & Grid West loans = approx. \$8M
 - *Adjustments for depreciation, transition costs & Grid West loan amounts would have been adjusted from RMP's original filing as well.*



Rocky Mountain Power Rate Case Update

Re-filed Case – 2008 Test Period

- There is no change to the Company's request for 10.75% ROE
- Long-term debt component increased from 47.9% to 49.2%
- Common stock equity decreased from 51.7% to 50.4%
- Testimony on Cost of Capital is due March 31

Rocky Mountain Power Rate Case Update

RMP Proposed Allocation of Rate Increase

- Requested overall percentage change is 7.5% (was 11.99%)
- RMP proposed class allocation of rate increase:
 - Residential 7.8% (12.2%)
 - Schedule 23 7.8% (13.0%)
 - Irrigation 15.0% (24.0%)
 - Schedule 6 6.5% (11.0%)
 - Schedule 8 7.8% (12.2%)
 - Schedule 9 7.8% (12.2%)



CCS Policies and Procedures

Michele Beck



Policies and Procedures

List of Topics

- Last meeting, staff presented a list of topics to be covered in developing policies and procedures
 - How to choose case participation
 - How to assist customers
 - Internal scorecard/reporting measures
 - Committee meeting details
 - Coordination of public presentation of Committee policies and actions
 - How to represent majority interests
 - How to elicit public opinion and participation



Policies and Procedures

Process

- We agreed to address one policy each month starting in April
- Committee members requested to see drafts in advance of the meeting to facilitate robust participation
- Next month will be the first of these discussions:
 - **Topic for April: How to assist customers**



Policies and Procedures

Background (how to assist customers)

- Utah Code §54-10-4 (2)
“The committee shall assist residential consumers and those engaged in small commercial enterprises in appearing before the Public Service Commission of the state of Utah.”
- The interpretation of this statute has varied throughout the years of the Committee’s existence.



Policies and Procedures

Complexity of Issue (how to assist customers)

- Consumer complaint process exists within another state agency (DPU) and the utilities
- Many individual consumers could benefit from more assistance to navigate the existing processes
- CCS must be careful that our involvement does not exceed what is in the public interest
- AG office cannot “represent” anyone other than the state
- Other consumer advocates struggle with this issue (topic of recent NASUCA heads of office discussion)



Policies and Procedures

Approach for Developing this Policy

- Staff and attorney have already put significant efforts toward developing this policy
- Committee members should email any ideas to incorporate to ckeyser@utah.gov by March 25th
- Staff will email draft guidelines to Committee members one week in advance (by April 3rd)
- Committee members will vote to amend and/or approve at the April 10th meeting



Policies and Procedures

Ongoing Approach

- At the end of each month's policy discussion, we will announce the topic for consideration at the next meeting
- The ongoing timing will be:
 - Committee input for staff to incorporate in draft: two weeks before mtg. (Staff will send a reminder notice.)
 - Staff draft to Committee: one week before mtg.
- Committee input is vital; please provide that input however you prefer
 - Call, email or stop by to discuss any issues
 - Chris will keep a compilation of ideas and suggestions provided anytime throughout the process
- We will revisit the entire set of policies and procedures at the end of the year to ensure that Committee supports the entire set as developed.



Closed Session

Pursuant to Utah Statute,
Section 52-4-205; strategy
session to discuss pending or
reasonably imminent litigation.



Open Session



Other Business/Adjourn
